



## **PUBLIC EMPLOYEES' RETIREMENT BOARD**

100 North Park  
Helena, MT 59620

**MARCH 15, 2006**

The Board meeting was called to order by President Carey at 8:30 a.m. Wednesday, March 15, 2006. Roll call was taken with all members of the Board being present except Robert Griffith and Terry Smith, who were excused.

Attending: Betty Lou Kasten and Carole Carey (by telephone)  
Troy McGee, John Paull, Jay Klawon, and Janet Kelly (in person)  
Melanie Symons and Linda Owen, MPERA

Visitors: Jim Kembel, MPPA/MACOP/TIAA-Cref and Jim Kerins, CMS

*No public comment on any subject of interest to the Board not on the agenda.*

Mrs. Kasten advised the Board that Mr. Griffith provided a written statement on his top four candidates. Nothing was received from Mr. Smith. The Board will take Mr. Griffith's statement into consideration after those who are present have given their input.

**Possible Conflict** – Jim Kerins, CMS, explained it had come to their attention that at least one of the candidates had listed a couple of Board members as references on their application forms. This raised the issue of potential conflict of interest. Mr. Kerins stated it is not unusual, particularly for an executive-level position being hired by a board, for the selection committee to have some prior knowledge of the candidates. He did not feel this was a huge issue or a huge problem, and was certainly not unprecedented.

Mr. Kerins discussed the matter with Ms. Symons and their recommendation was to follow existing Board policy with regard to any potential conflict of interest on any Board decision. The policy states: "A Board member can neither participate in the discussion nor vote on an issue in which the Board member has a direct personal or pecuniary interest." Mr. Kerins felt that any possible conflict of interest with someone listed as a reference would depend on the nature of the relationship. A business relationship would be treated as any other professional reference. The only potential issue he saw as a problem was if there was a personal or financial interest between the Board member and that candidate. An appropriate course of action could be for that selection committee member to step out of the process. One concern, however, would be to have someone not participate for one candidate and participate for the others. That could lead to a potential inconsistency in the hiring process.

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Mr. Kerins suggested going through a normal disclosure process. The selection committee members listed as references could state their interest or knowledge with that individual so the full Board could decide, with legal counsel's advice, if that would represent a personal or pecuniary interest. In that discussion, there may be other candidates that selection committee members may have prior knowledge of also, that were not necessarily brought forth through the references, and that could be disclosed as well. Ms. Symons added that any information should be presented in a statement in the closed session so the applicable candidates could be identified.

President Carey then made the following determination: ***Although the hiring of an executive director is an item of significant interest to the public, the Board's fiduciary responsibilities with respect to the administration of the retirement systems, require that the following portion of the meeting be closed. Otherwise, the sanctity of the hiring process and the privacy rights of the applicants would be put in jeopardy. This decision is consistent with the Department of Administration's personnel regulations on this issue. (ARM 2.21.3727 and 2.21.3728)***

## **CLOSED MEETING**

After closing the meeting, the Board, with the assistance of Jim Kerins, Janet Kelly and Melanie Symons reviewed and rated the 14 applications for the Executive Director position. The Board discussed the following items:

- Executive Director Recruitment and Selection  
Minimum qualifications screening
- Executive Director Recruitment and Selection  
Application and supplemental questions screening
- Executive Director Recruitment and Selection  
Determination of candidates to be interviewed

The Board first determined the applications that did not meet minimum qualifications. Next the Board identified the superior candidates that they definitely want to interview. The Board then discussed each Board member's and Janet Kelly's ratings of the remaining applicants.

The rating matrix was used. Each member and Ms. Kelly reported the rating they assigned to each "middle-tier" applicant on each area – education, experience and the 5 application supplement questions. A consensus rating was then reached with respect to each category.

Ms. Kelly left the meeting for approximately 45 minutes to attend an awards presentation. Upon her return, she was brought up to date on the Board's progress.

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Following the rating of the middle tier candidates, the Board determined to perform the same exercise with respect to the previously identified top candidates. Those candidates scored the highest on the matrix, thus confirming their previous selection.

The top three candidates were selected to interview. Jim Kerins was asked to conduct background checks on those individuals.

Any motions must be made in the open portion of the meeting.

With the closed portion concluded ahead of schedule, Mrs. Kasten made a motion to adjourn the meeting until 3:00 p.m. when the open meeting would resume. Mr. Klawon seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

## **OPEN MEETING**

Roll call was taken.

Attending: Carole Carey, Betty Lou Kasten, John Paull and Jay Klawon (by telephone)  
Troy McGee (in person)  
Melanie Symons and Linda Owen, MPERA

Visitors: Jim Kembel, MPPA/MACOP/TIAA-Cref; Roxanne Minnehan, Kathy Samson  
and Rob Virts, MPERA

## **Executive Director Recruitment and Selection Next Steps**

Mrs. Kasten made a motion to accept the recommendations as discussed in the closed portion of this meeting. Mr. Klawon seconded the motion. Mrs. Kasten stated that later in the week, after candidates have been notified, there would be a press release. There being no public comment, President Carey called for the question. Upon being submitted to vote, the motion was duly carried with the five attending members voting aye.

Ms. Symons advised the Board that CMS had completed the name background checks on the three finalists and everything has come back from the Department of Justice as no problem.

Mrs. Kasten made a motion to:

- Notify the candidates to be interviewed and arrange interview times starting on March 31 at 11:00 a.m., giving each candidate one hour for their interview, and providing a half hour between each interview. The presentations will commence at 4:00 p.m. and will be 20 minutes each.

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- Prepare and publish the names/biographical sketches of the interviewees.
- Conduct the background checks on the interviewees.
- Send the interviewees the topics for presentation.

*No public comment.* Mr. McGee seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.

Ms. Symons inquired if there was anything further the Board wanted done other than the background checks that have been received from the Department of Justice. The Board agreed that was enough at this time.

Mrs. Kasten thanked everyone profusely for all of the time they have put into this hiring process. President Carey thanked Mrs. Kasten for the fine job she did chairing this process, which was not an easy project. Mr. Paull concurred.

## **ADJOURNMENT**

Mr. Klawon made a motion to adjourn the meeting. Mrs. Kasten seconded the motion, which upon being submitted to vote, was duly carried with the five attending members voting aye.